

## Message Text

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PAGE 01 STATE 027795  
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FM SECSTATE WASHDC

TO AMEMBASSY KUALA LUMPUR IMMEDIATE

C O N F I D E N T I A L STATE 027795

PASS AMBASSADOR WOLFF

FOL BRUSSELS 01923 SENT ACTION SECSTATE INFO ALL EC CAPITALS  
TOKYO GENEVA JAN 31, 1978 REPEATED TO YOU QUOTE

C O N F I D E N T I A L BRUSSELS 01923

USEEC

GENEVA ALSO FOR MTN

PARIS ALSO FOR USOECD

E.T.11652:G

5-& : ETRD, EEC, JA

SUBJECT: EC-JAPAN RELATIONS

REFS: (A) BRUSSELS 1198, (B) STATE 23517, (C) PARIS 2876

1. SUMMARY: COMMISSION OFFICIALS MET WITH JAPANESE  
MINISTER USHIBA ON JANUARY 28 TO INDICATE CONTINUED EC  
CONCERN WITH SIZE OF ITS TRADE DEFICIT WITH JAPAN AND TO  
QUESTION WHETHER JAPANESE WILL  
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ATTAIN GROWTH AND BALANCE  
OF PAYMENTS TARGETS RECENTLY ANNOUNCED. COMMISSION  
REPORTEDLY PUSHED FOR MORE SPECIFIC TRADE ACTION FROM  
JAPAN, WARNED USHIBA OF INCREASING PRESSURE (ESPECIALLY  
FROM FRANCE AND UK) FOR RESTRICTIVE ACTION AND SUGGESTED  
THAT JAPANESE PURCHASE OF AIRBUS WOULD HELP IMPROVE  
ATMOSPHERE. MCSSION HAS RAISED WITH COMMISSION U.S.

VIEWS ON FURTHER US-EC CONSULTATIONS ON JAPAM ALONG  
LINES OF REFTEL B. END SUMMARY

2. JAPANESE MINISTER FOR INTERNATIONAL ECONOMIC  
RELATIONS USHIBA MET IN RESTRICTED SESSION WITH EC  
PRESIDENT JENKINS AND VICE PRESIDENT FOR EXTERNAL  
RELATIONS HAERKAMP AND IN A LARGER SESSION  
WHICH  
INCLUDED COMMISSIONER FOR INDUSTRY DAVIGNON AND OTHER  
COMMISSION OFFICIALS ON JANUARY 28. COMMISSION AND  
JAPANESE MISSION OFFICIALS  
HAVE PROVIDED US WITH  
FOLLOWING ACCOUNT OF DISCUSSIONS DURING BOTH MEETINGS.

3. JENKINS AND OTHER COMMISSION OFFICIALS EMPHASIZED  
THAT MEMBER STATES ARE INTERESTED IN EARLY EVIDENCE THAT  
JAPANESE ARE TAKING EFFECTIVE ACTION TO REDUCE SIZE OF  
ITS BILATERAL TRADE SURPLKS WITH EC. THEY TOLD JAPANESE  
THAT MEMBER STATES WILL RAISE QUESTION AT COUNCIL OF  
FOREIGN MINISTERS ON FEBRUARY 6-7 AND AGAIN IN THE  
EUROPEAN COUNCIL OF HEADS OF GOVERNMENT IN APRIL. ONE  
COMMISSION OFFICIAL EXPRESSED CONCERN THAT JAPANESE  
MAY STILL BE PERCEIVED BY MEMBER STATES AS DOING TOO  
LITTLE AND THAT BRITISH AND FRENCH MAY PRESS FOR UNI-  
LATERAL COMMUNITY RESTRAINTS PRIOR TO THE APRIL COUNCIL.  
ACCORDING TO BOTH COMMISSION AND JAPANESE SOURCES,  
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DISCUSSION WAS LOW KEY AND RELATIVELY RELAXED WITH THE  
EXCEPTION OF COMMISSIONER DAVIGNON WHO TOOK A TOUGH LINE.  
(A FRENCH MISSION SOURCE TOLD US ON JANUARY 30 THAT  
MEMBER STATES, INCLUDING FRG, ARE UNANIMOUS IN THINKING  
THAT COMMISSION HAS BEEN TOO SOFT ON JAPANESE AND THAT  
COMMISSION PLANS TO WAIT UNTIL END OF YEAR, AND CHANCE TO  
ASSESS RESULT OF GOJ'S POLICIES, BEFORE MAKING FURTHER  
EC PUSH WILL 3 43'3:53\$ -5 \*9438&, .8,8 534 :97,:8).  
INSTEAD HE BELIEVES COMMISSION WILL BE INSTRUCTED TO  
SEEK FURTHER MOVEMENT FROM JAPANESE, PROBABLY THROUGH  
BILATERAL TRADE CONCESSIONS AND SEEKING GREATER PRECISION  
ON HOW GOJ PLANS TO ATTAIN 7 PERCENT GROWTH TARGET).

4. COMMISSION ASKED JAPANESE TO CONSIDER FURTHER ADVANCE  
TARIFF AND POSSIBLY NON-TARIFF MEASURE IMPROVEMENTS AND  
REDUCTIONS BEFORE CONCLUSION OF MTN IN GENEVA. COMMISSION  
SOURCES STATE THAT JAPANESE INDICATED THAT THIS MIGHT BE  
POSSIBLE AS THE SHAPE OF THE FINAL MTN PACKAGE EMERGES.  
JAPANESE MISSION REPORTS THAT, ON CONTRARY, USHIBA TOLD  
THE EC THIS WOULD BE NEARLY IMPOSSIBLE TO DO AND THAT EC  
SHOULD LOOK MORE CLOSELY AT TARIFF REDUCTIONS ALREADY  
AMREED DURIOT AMBASSADOR STRAUSS' VISIT TO TOKYO.

JAPANESE TOLD EC THAT THESE REDUCTIONS WERE MEANT TO APPLY  
TN A GLOBAL BASIS AND THAT EC COULD BENEFIT FROM THEM.

5. ON JAPANESE GROWTH TARGET OF 7 PERCENT, JAPANESE MISSION STATEK THAT USHIBA MADE CLEAR TO COMMISSION TMAT THE 7 PERCENT SHOULD NOT BE VIEWED AS AN EXTERNAL COMMITMANT BUT RATHER AS A DOMESTIC TARGET WHICH THE JAPANESE GOVERNMENT IS DETERMINED TO PURSUE. COMMISSION SOURCES TELL US THAT THEY DID NOT SUGGEST A HIGHER TARGET THAN 7 PERCENT BUT ASKED JAPANESE WHETHER MEASURES ANNOUNCED WILL BE SUFFICIENT TO MEET IT. USHIBA REPLIAD TMAT 7 PERCENT FIGURE MAY NOT BE ATTAINED  
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UNTIL THE BEGINNING OF 1979 BUT THAT VAPANESE INTENTIONS ARE FIRM AND THAT THE SITUATION WILL BEGIN TO BE CLEARER BEFORE THE END OF 1978.

6. JAPANESE MISSION ALSO STATES THAT USHIBA INDICATED GOJ WOULD WORK TO BRING DOWN OVERALL CURRENT ACCOUNT SURPLUS AND THAT THE TARGET WHICH GOJ HAS IMPOSED ON ITSELF IS TO BRING SURPLUS DOWN TO ABOUT \$6 BILLION FOR HE FISCAL YEAR BEGINNING IN APRIL 1978.

.943 03:8\*8-

CALLY, USHIBA REPORTEDLY SAID JAPANESE EXPECT SURPLUS TO BE RUNNING  
IEAG F& 8\$&"53 9\* \$7 BILLION BY OCTOBER  
AND \$5 BILLION BY NEXT MARCH. ACCORDING TO COMMISSION, USHIBA ALSO STATED THAT GOJ BELIEVES THE MAJOR CONTRIBUTION IT CAN MAKE TO STABILIZING THE DOLLAR WOULD BE TO STABILIZE THE YEN AND THAT THE ONLY WAY TO DO THAT WOULD BE TONCUT DEEPLY INTO JAPAN'S CURRENT ACCOUNT SURPLUS.

7. ON AIRBUS, COMMISSION SOCRCES TELL US THAT TH  
Y  
INDICATED TO USHIBA THAT PURCHASE OF THIS PLANE BY JAPANESE AIRLINES WOULD BE REGARDED IN EUROPE AS AN IMPORTAOT SIGN THAT THE JAPANESE WERE IN EARNEST.

8. IN ADDITION TO ABOVE POINTS, LARGE PART OFNDISCUSSION WAS DEVOTED TO A REVIEW OF A NUMBER OF EC REQUESTS FOR MORE LIBERAL TREATMENT FOR EC EXPORTS FOR PROCESSED AGRICULTURAL PRODUCTS, PHARMACEUTICALS AND INDUSTRIAL PRODUCTS. USHIBA INDICATED THAT GOJ WILL CONTINUE TO SEEK AGREED SOLUTIONS WITH EC ON THESE SUBJECTS.

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9. COMMISSION TOLD USHIBA THAT THEY WILL WANT TO STAY IN CLOSE TOUCH WITH GOJ AND USHIBA AGREED. COMMISSION ALSO TELLS US THAT IT SUGGESTED TO USHIBA THAT PRIME MINISTER FUKUDA'S ITINERARY FOR HIS EUROPEAN TOUR, WHICH THEY EXPECT TO TAKE PLACE SOMETIME THIS SUMMER, BE ANNOUNCED WELL IN ADVANCE TO COUNTER ANY IMPRESSION IN MEMBER STATES THAT IT HAD BEEN LAID ON ONLY AS AN AFTER-THOUGHT TO POSSIBLE U.S. VISIT.

10. USECND CM TOOK OCCASION OF CONVERSATION WITH EC DIRECTOR FOR JAPAN AND NORTH AMERICA MEYNELL TO MAKE POINTS CONTAINED IN NREFTEL B WITH RESPECT TO FURTHER US-EC CONSULTATION ON JAPAN. MEYNELL TOOK CAREFUL NOTE AND SAID HE WOULD CONVEY U.S. THINKING TO HAFERKAMP AND DENMAN. HE ADDED THAT THE COMMISSION IS IN FULL AGREEMENT WITH THE LINE THE U.S. HAS TAKEN WITH BRITISH GOVERNMENT AND IS IN FACT ANNOYED THAT THE U.K. CONTINUES TO APPROACH THE USG WITH A HARDER LINE ON THIS SUBJECT. MEYNELL CALLED LATER TO CONFIRM THAT ROY DENMAN FULLY SHARES THIS VIEW, ADDING LATTER'S PARTICULAR IRRITATION WITH BUTLER WHO, "GIVEN COMMUNITY COMPETENCE IN THIS AREA, IS JUST TRYING TO FIND SOMETHING TO DO. HINGON UNQUOTE VANCE

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## Message Attributes

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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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